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OGC Has Reviewed

7 February 1949

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[redacted]
Office of the General Counsel

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1. Confirming our conversation of recent date, I am forwarding herewith your copy of letter of temporary appointment of [redacted], as an employee of CIA, effective 12 September 1948. This has been superseded by permanent letter of appointment, the original and copies of which are in your possession.

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2. With respect to [redacted] tax problem, it may be stated generally that if a non-resident alien is not engaged in business or trade in the United States but receives fixed or determinable income from sources within the United States, this income is subject to United States Income Tax and provisions are ordinarily made for withholding this tax at the sources. Such income includes interest, dividends, rents, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, and other fixed or determinable annual or periodic gains, profits, and income.

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3. The manner of computing the tax of a non-resident alien who is not engaged in a trade or business in the United States depends on whether the total of his fixed or determinable income from sources within the United States exceeds \$15,400 in the taxable year. If such income is not more than \$15,400 the income is taxed at a flat rate of thirty per cent (30%).

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4. [redacted] status as a non-resident alien would arise from a section of the Income Tax Regulations which state that an alien whose stay is limited to a definite period by the immigration laws is not a resident of the United States "in the absence of exceptional circumstances." An alien, by reason of his alienage, is presumed to be a non-resident alien.

5. In general, the source of income consisting of compensation for labor or personal services is the place where the labor or services are performed, regardless of the residence of the payer, the place where the contract was made, or the place of payment. If work is to be performed partly within and partly without the United States

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and no accurate segregation can be made, the Regulations require that an allocation be made on the basis of time spent in the United States.

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6. The above are the basic principles which would determine [] liability under the Federal tax laws. Whether the income received for personal services rendered in the United States should be subject to withholding tax or should be the personal responsibility of [] as a non-resident alien would appear to involve considerations with which your office is not directly concerned.

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